



**Statewide  
Bank**

April 1, 2009

Via Email: [director@fasb.org](mailto:director@fasb.org)

Mr. Russell Golden  
FASB Technical Director  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116



LETTER OF COMMENT NO. 316

File Reference: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20b

Dear Mr. Golden:

Statewide Bank is a local community bank with total assets of \$270 million. We appreciate the opportunity to comment on Proposed FSP FASB Staff Position No. FAS 115-a, FAS 124-a, and EITF 99-20b Recognition and Presentation of Other-Than-Temporary Impairments (the "Proposed FSP").

We support the Board's efforts to improve financial reporting and believe this FSP helps achieve this goal. However, Proposed FSP 115-a notes that the provisions therein should be applied prospectively, but does not make mention of retrospective application. We believe that it is critical that the provisions of Proposed FSP 115-a are permitted to be applied retrospectively. Although we are a small bank, we have over \$5 million in non credit related losses that we have recognized through earnings in 2007 and 2008. This is a very material amount to a small bank.

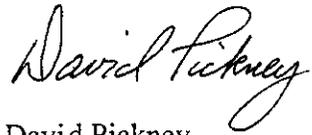
We believe there are material inconsistencies in practice related to the recognition of an OTTI loss. Some companies have realized OTTI losses over the past two years, while other companies continue to report significant unrealized losses on similar portfolios. As such, the timing of the issuance of Proposed FSP 115-a and prospective application only will result in a significant lack of comparability in how companies have recognized OTTI during this recessionary period. For this reason, we request that the Board permit but not require retrospective application. We believe that the provisions of SFAS No. 154, *Accounting Changes and Error Corrections*, support retrospective application by amending prior periods. However, we suggest the Board permit a cumulative transition adjustment between retained earnings and accumulated other comprehensive income for the non-credit portion the any previously recognized OTTI loss for securities held as of the adoption date of Proposed FSP 115-a. This would include any required disclosures of such adjustments and support comparability between entities for OTTI losses.

We also believe that the Board should give some thought to the recognition of subsequent recoveries in fair value related to the credit portion of losses recognized in earnings. The

measurement of credit loss is only an estimate at a point in time based on various assumptions. If over a period of time those assumptions change and there is a recovery of those losses, we believe that those recoveries should also be recognized on the income statement.

Thank you for the opportunity to comment on these important matters.

Respectfully,

A handwritten signature in cursive script that reads "David Pickney". The signature is written in black ink and is positioned above the printed name and title.

David Pickney  
EVP - Chief Financial Officer